

FINANCIAL INSTITUTIONS SHOULD
PROVIDE LENDING CAPITAL FOR
ENVIRONMENTALLY RESPONSIBLE
DRY AND WET CLEANING
SMALL BUSINESSES

HON. DONALD A. MANZULLO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 27, 2000

Mr. MANZULLO. Mr. Speaker, today, I am introducing a Sense of the Congress Resolution that would urge financial institutions to promote environmentally responsible dry and wet cleaning processes and to work with business enterprises to provide streams of capital to protect the environment.

I am offering this important resolution to help bring to light the situation that our nation's small dry and wet cleaning businesses face with regard to the cleaning process that most of the small cleaning establishments utilize—namely, perchloroethylene (perc) and petroleum based solvents. Perc and petroleum based solvents are known pollutants; they contaminate the air, land and groundwater. However, there are other options available to small dry and wet cleaning businesses.

On Thursday, July 20, 2000, the Small Business Subcommittee on Tax, Finance and Exports, which I chair, held an extraordinarily important hearing on H.R. 1303, the Environmental Dry Cleaning Tax Credit Act. This bipartisan bill, introduced jointly by Representatives DAVE CAMP and DAVID PRICE, is an incentive-based approach to resolving the complex environmental problems the dry cleaning industry faces as a result of its use of perc, a hazardous waste when it is emitted into the air and groundwater. There are nearly 35,000 dry cleaners across the country. Most employ only a handful of workers. They are truly small businesses.

H.R. 1303 provides a 20 percent tax credit toward the purchase of new equipment that uses non-hazardous waste producing wet and dry cleaning technology. Recent technological developments utilize carbon dioxide—the same chemical compound found in sodas (or pop, depending on what part of the nation you represent). Carbon dioxide is obviously not harmful to the environment, since we consume it and our vegetation thrives on it.

Like all new ideas on the market, this technology is expensive. That is exactly why the tax credit is necessary. While there are costs associated with H.R. 1303, they are far outweighed, in our view, by the expenses associated with cleaning up the dry cleaning solvents that have been used for decades. For example, in North Carolina, it is estimated that once the assessment and remediation for sites contaminated from the use of perc, costs using the state's own "cost-per-site" estimates could approach \$72 million to \$90 million annually. The State of Florida has estimated that it has 2,700 contaminated dry cleaning sites that are requiring almost \$1.5 billion needed for clean-up. The numbers are staggering for nationwide clean up costs, which could approach nearly \$20 billion—far outweighing the costs estimated for H.R. 1303.

After we heard testimony from the witnesses at our hearing, I was approached by a gen-

tleman from the Bank of America, who shared with me the situation facing the dry and wet cleaning industry from the perspective of banks. He stated that the "severe and costly nature of environmental issues has virtually eliminated dry cleaners' access to conventional bank capital over the past seven to eight years." He pointed to one overwhelming reason: fear over liability as a result of contamination from perc and petroleum solvents.

I submit his letter for printing in the RECORD. However, I want to share with you the assessment by the Bank of America that financial institutions face because of these environmental risks. These include: (1) direct legal liability; (2) complete asset value loss; (3) partial asset value loss; and (4) indirect operation risk.

Mr. Speaker, it is quite obvious that the concerns of our nation's financial industry are serious enough to shy away from lending to a specific industry. But what is striking is the extent upon which the Bank of America is willing to share with Congress about why they will not lend to dry cleaners that use perc or petroleum based solvents.

What is encouraging is that the Bank of America, along with other lending institutions, such as the Central Carolina Bank, have determined that dry and wet cleaning processes that utilize carbon dioxide technology and other non-hazardous waste causing substances deserve financial backing. I am sure that other banks across the country have similar lending policies. Although I do not know specifically which one, I invite those banks to contact and confirm this with me. I, in turn, will share this information with my colleagues.

I want to reiterate the important of this resolution. There is a need that must be met. We have an enormous number of dry and wet cleaning businesses in the United States that find it difficult to obtain financial backing from lending institutions because of environmental concerns. The reason I am offering this resolution, along with my colleagues, is that I believe the American public needs to be aware of this safer, environmentally sound dry and wet cleaning technology. There are options out there, and I encourage our financial institutions to work with our dry and wet cleaners to expand this new environmentally safe technology.

BANK OF AMERICA,
SMALL BUSINESS RISK MANAGEMENT,
Raleigh, NC, July 25, 2000.

Re H.R. 1303, the Environmental Dry Cleaning Tax Credit Act.

HON. DONALD A. MANZULLO,
Member of Congress, Chairman, House Small Business Subcommittee on Tax, Finance, and Exports, Washington, DC.

DEAR CHAIRMAN MANZULLO: Thank you for speaking with me at last Thursday's post-hearing luncheon briefing. As I stated then, the severe and costly nature of environmental issues have virtually eliminated dry cleaners' access to conventional bank capital over the past 7-8 years. There is one overwhelming reason for this—chemical contamination from perchloroethylene and petroleum solvents.

The historical environment risk to banks of lending to dry cleaners can be broken down into four groups:

(a) *Direct Legal Liability*—Simply being in the chain of title after a foreclosure can create varying degrees of bank responsibility for funding property cleanups.

(b) *Complete Asset Value Loss*—The extent of contamination is often such that banks will "walk away" from foreclosure and write off the entire asset value.

(c) *Partial Asset Value Loss*—Even if the bank is not liable for cleanup operations, or the cleanup is not so extensive to justify a complete loss, banks can only sell contaminated, foreclosed properties for a small fraction of what the appraised value was at loan origination—before the contamination! Banks must write off the difference.

(d) *Indirect Operational Risk*—Even if the bank is not taking a lien on real property, there is still a high risk due to the potential for significant unexpected expenses associated with dry cleaning operations. These expenses include spill clean-up costs, regulatory fines, operational interruption due to permit loss, and increased costs due to various employee health issues.

Regardless of how much better today's perchloroethylene or petroleum based dry cleaning machines are when compared to older machines, the risks noted above persist. While updated perchloroethylene and petroleum equipment may decrease the discharge of hazardous chemical solvents, they cannot eliminate them. Thus, banks will continue to avoid financing the equipment, the property on which they're located and the operator who uses them.

The complete elimination of the risks noted above by the CO₂ process would clearly be the single most important positive development in the relationship between banks and dry cleaners in over a decade. However, this does not mean that banks will immediately be welcoming back dry cleaners. The removal of the environmental bank risk due to hazardous solvents is replaced with the financial risk of high leverage due to the cost of the new CO₂ technology. Tax incentives such as those included in H.R. 1303 would significantly help to make this important new technology financially viable for dry cleaners and thus create a credit risk atmosphere acceptable to federally insured banks and banking regulatory agencies.

Bank of America is the leading lender to small businesses in the United States with \$6.8 billion in commercial loans to businesses with less than \$10 million in annual revenue. The average dry cleaner personifies what we would love to include in our portfolio—small, hard working, mostly family owned businesses with close ties to their communities. Legislation such as H.R. 1303 should allow these business owners to replace existing high interest loans, expensive leases, and less than desirable commercial locations with access to the conventional bank capital needed for commercial viability and sustainable long-term growth.

Sincerely,

JOSEPH C. BONNER,
Vice President, Small Business Risk Management, Commercial Credit Policy Development.

HONORING CANDACE GUYTON AND
BYRON C. SMITH

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 27, 2000

Mr. FROST. Mr. Speaker, today I congratulate Candace Guyton and Byron C. Smith, two Arlington, TX, teenagers whose artistic

achievements earned them medals in a scholastic competition held at the NAACP national convention earlier this month.

Byron won a second-place silver medal and \$750 in scholarship money for his entry in the film making-video category at the NAACP-sponsored Afro-Academic, Cultural, Technological and Scientific Olympics (ACT SO) competition. Byron beat out more than 20 other students from across the country with his three-minute documentary cartoon about Bill Pickett, a Texas cowboy who pioneered the process of "bulldogging."

Candace won a \$500 scholarship and a third-place bronze medal in the vocal contemporary music category. Not only did Candace demonstrate her tremendous vocal skills, but she performed an original song, "A Thing Called Love."

Congratulations again to Byron Smith and Candace Guyton and the proud parents of these wonderfully talented teenagers. Your tremendous achievements in Baltimore have made our North Texas community proud. Your success in the ACT SO competition is proof that you can succeed in anything you choose.

PERSONAL EXPLANATION

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 27, 2000

Mr. ANDREWS. Mr. Speaker, on rollcall no. 255, I was unable to vote because of a family commitment. Had I been present, I would have voted "aye"; on rollcall no. 256, I was unable to vote because of a family commitment. Had I been present, I would have voted 'aye'; and on rollcall no. 298, I was unable to vote because of a scheduling conflict. Had I been present, I would have voted 'aye.'

RECOGNIZING RICHARD SCHWARTZ

HON. MIKE THOMPSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 27, 2000

Mr. THOMPSON of California. Mr. Speaker, I rise today to recognize Richard Schwartz for the significant contributions he has made throughout the United States through his commitment to Goodwill Industries.

Richard Schwartz serves as a member of the Board of Governors of Goodwill Industries in Santa Clara County, CA, and has served on religious, organizational, and government boards in Boston, MA, and professional and health care organizations in New Jersey.

In addition to serving in the U.S. Army in Korea from 1953-1954, Richard has worked in interior design, insurance sales, and pharmaceuticals, and served as director of Government and Trade Operations and vice president of Customer and Industry Affairs for Syntex Laboratories Inc.

Richard Schwartz chaired the National Wholesale Druggist's Association health care awareness event and produced and co-directed a major health care conference at the

University of Southern California Center of Excellence in Health Care Management.

Not only has Richard Schwartz served as a member of the board and chairman of the Government Affairs Committee of Goodwill and served Santa Clara County, but he also represented 13 communities throughout the State by serving on the Council of California Goodwill Industries. After dedicated service to both the State and Goodwill Industries, Richard received the Chairman's Award by Goodwill Industries International for outstanding leadership in a volunteer capability.

Mr. Speaker, Richard Schwartz has been an active volunteer who has greatly increased the visibility of the Goodwill mission. It is appropriate that we recognize Richard at this time for his commitment and devotion to community service, the Goodwill organization and to our Nation.

DEVELOPMENTAL DISABILITIES ASSISTANCE AND BILL OF RIGHTS ACT OF 2000

SPEECH OF

HON. BARBARA LEE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 25, 2000

Ms. LEE. Mr. Speaker, today we are commemorating the 10th anniversary of the Americans with Disabilities Act (ADA). This law has proven to make a tremendous impact on the lives of 54 million individuals in our country.

In the past decade, Americans with disabilities have been provided protection in employment, public services, public accommodations, as well as services operated by private entities, and transportation, telecommunications providers.

Since the passage of the ADA, millions of Americans have had the opportunity to contribute to society by being able to work in all fields of employment.

This monumental law has also allowed disabled Americans to enjoy life by increasing their access to recreational activities as well as removing obstacles to business and leisure travel.

Because of the ADA more and more individuals are able to travel with their families or guide dogs with better accommodations and less barriers. People with disabilities now have more access to shopping areas, dining facilities, theaters, travel services, and much more.

The ADA has helped to ensure equal employment opportunity as well as allowed individuals to materialize their educational and professional goals.

This law has opened up many doors to millions of Americans by allowing them to lead independent and self-sufficient lives. The ADA has been an important tool in the fight to eliminate all forms of discrimination. The ADA has provided reasonable accommodations in the workplace. The ADA has made major differences in the lives of many individuals.

Let's all celebrate the anniversary of the passage of this important law and celebrate the lives of millions of Americans.

LETTER FROM CARMEN SABRIA

HON. HOWARD P. "BUCK" McKEON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 27, 2000

Mr. McKEON. Mr. Speaker, this letter was brought to my attention by a constituent of mine in the 25th district of California, and I find it fitting to include it in the CONGRESSIONAL RECORD. I believe Ms. Sabria sheds a whole new light on the Elian Gonzalez case, in retrospect, and highlights many of the freedoms Americans take for granted.

LETTER TO THOSE WHO MAY NOT UNDERSTAND: Elianated yet? I am. And duly so. It seems like an unending saga and we're all sick of it by now. But after Holy Saturday's events, even I, a pretty impartial Cuban-American, feel obligated to at least help you, my Anglo-American and African-American friends understand why the Cuban community is so outraged!

To reunite a little boy with his father is a beautiful thing. To do it with a gun at his head is not! If I can remember the small trauma when I was only two years old and my father put me and my mother in the bathroom while he nailed the ironing board to the front door to protect us from a big hurricane, I am certain this six year old will never forget this day! To take a little boy back to his real home is wonderful. But Elian is not going home to Cardenas, his home town, oh no . . . He's going to an 11-room mansion in Havana where he is going to live with his parents, yes, but also with other children and some "teachers" . . . Is that "home" or an indoctrination camp?

To some of you, most of the impassioned Cubans you have seen on T.V. today may seem irrational in their desire to keep that little boy in this free land. To us who see a child miraculously saved from the treacherous, shark-filled waters of the Florida strait, after his mother risked his life and lost hers to bring him to a place where he could be raised as a free man, where his wonderful spirit could develop and his ideas find expression, it seems criminal to send him back to a country where individual thought is an abomination, and free speech a crime.

A beautiful, fertile land that could still be as it was four decades ago, the most prosperous and advanced of all Latin America, where now children can only drink milk for a few years before their "quota" is removed, where medical doctors give up their practice to work as taxi drivers so they can earn U.S. dollars to feed their families because the peso has no value anymore; where young women prostitute themselves to tourists as the only way to earn that precious "dollar" that will buy their children some shoes; where children must join the communist "pioneros" movement with their red berets and are taught to sing communist songs and hate Americans, and youngsters grow to be "Communist Youth" members and are kept from dreaming dreams by being fed stories of upcoming invasions from "the enemy"; a country where artists and writers can only produce art that follows the government line; and fathers like Juan Miguel must obey what Fidel Castro orders him to say and do rather than do what is best for his child.

Do you know that Elian's father asked for a U.S. visa twice before little Elian came, and that he called his relatives here to let them know his child was coming here with his mom?